

Data Sheet

USAID Mission:	Armenia
Program Title:	Energy and Water Sectors Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0150
Status:	Continuing
Planned FY 2005 Obligation:	\$8,300,000 FSA
Prior Year Unobligated:	\$6,441,000 FSA
Proposed FY 2006 Obligation:	\$6,000,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID/Armenia's program to generate secure and sustained access to energy and water resources is a multi-faceted effort that includes training, technical assistance, and limited commodity support to: improve the performance of institutions for sustainable energy and water management; improve the delivery of heat and water supplies; and increase energy security.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Economic Policy and Governance (\$2,163,000 FSA, \$1,019,000 FSA carryover, \$600,000 FSA prior year recoveries). In the energy and water sectors, USAID will provide training and technical assistance to the Public Services Regulatory Commission (PSRC) to improve the regulatory environments in these sectors. Assistance is provided to private-sector counterparts, such as ArmRusGasProm (the natural gas distributor) and the Electricity Network of Armenia, which are regulated by the PSRC. USAID provides training to officials with an interest in energy efficiency who work to strengthen the environment for such projects at the local level. In the heat sector, USAID will provide training and technical assistance for personnel of privatized and state-owned energy and heat service providers to improve affordability and reliability of service. Similar assistance will be provided to the Ministry of Finance & Economy on aspects of energy sector debt restructuring related to the heat sector. USAID plans to use Development Credit Authority (DCA) to extend loan guarantees to commercial banks to leverage up to \$15 million in loans to finance small-scale energy production. USAID will set aside up to \$1,000,000 for the DCA subsidy element. Principal contractors: PA Consulting, Alliance to Save Energy, and TBD.

Expand and Improve Access to Economic and Social Infrastructure (\$3,207,000 FSA, \$2,285,000 FSA carryover, \$500,000 FSA prior year recoveries). USAID fund will be used for a variety of pilot projects that demonstrate efficient use of energy resources. These projects are implemented by local Energy Services Companies (ESCOs), thereby enabling them to expand operations in energy efficiency projects. USAID also supports creation of an ESCO association and the installation of energy efficiency systems in select schools and health clinics. USAID is rehabilitating heating systems in 20 Armenian schools throughout the country. Principal contractors: PA Consulting, Advanced Engineering Associates Int'l, and TBD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,130,000 FSA, \$100,000 FSA prior year recoveries). USAID will provide technical assistance and training to improve stewardship of water resources by water management institutions, such as the National Water Council and the Environmental Impact Monitoring Center. At the local level, USAID trains staff of select hydro-meteorological services to strengthen the collection, processing, and use of data on water quality and quantity. At the regional level, USAID will begin a project that will rationalize water quality and quantity monitoring among Georgia, Azerbaijan and Armenia, with a concentration on training and technical assistance to water basin councils in the three countries. Principal contractors: PA Consulting, and TBD.

Improve Access to Clean Water and Sanitation (\$800,000 FSA, \$1,437,000 FSA carryover,

\$500,000 FSA prior year recoveries). In the water sector, USAID will provide training and technical assistance for the creation of an effective water metering program at the primary connection points linking bulk water transmission with local water distribution companies. The same project provides training and technical assistance to implement an effective accounting system for the Armenia Water Supply and Sewerage Company. USAID also promotes access to water through the provision of training, technical assistance and limited commodity support geared to rehabilitate decayed infrastructure and install water meters. Principal contractors: The Urban Institute, and TBD.

FY 2006 Program: Improve Economic Policy and Governance (\$1,600,000 FSA). In the energy and water sectors, USAID will provide training and technical assistance to the Public Services Regulatory Commission in order to improve the regulatory environments in these two key sectors. In order to promote the private-sector financing of small-scale energy production in the heat sector, USAID will provide technical assistance and limited commodities to assist the government in establishing the Heat Sector Reform Advisory Center to help private condominium associations: Prime contractor: TBD.

Expand and Improve Access to Economic and Social Infrastructure (\$2,100,000 FSA). USAID will continue to support an ESCO association, and will install additional energy efficiency systems in select schools and health clinics. USAID will rehabilitate heating systems in additional Armenian schools throughout the country. Prime contractors: PA Consulting, Advanced Engineering Associates, Int'l, and TBD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,300,000 FSA). The effort to improve the stewardship of water resources will expand, with a focus on the provision of training, technical assistance, and limited commodity support to public outreach advocacy groups, non-governmental organizations (NGOs), and other civic actors. The objective is to raise the ability of these groups to provide constructive input to policy makers. USAID's regional project with Georgia and Azerbaijan will expand, with a focus on raising scientific and analytical capacity among the specialists in the three countries. Prime contractor: PA Consulting, and TBD.

Improve Access to Clean Water and Sanitation (\$1,000,000 FSA). USAID expects to expand its effort to improve and extend water services. One approach will be to partner with other donors that have significant resources devoted to infrastructure, such as KfW (the German Development Bank) and the World Bank. Meanwhile, training and technical assistance will concentrate on ways to improve the transparency and accountability of water service providers. USAID plans to use DCA to extend loan guarantees to commercial banks to support \$10-15 million in loans for rehabilitation of water treatment facilities. USAID will set aside up to \$1,000,000 for the DCA subsidy element. Prime contractor: TBD.

Performance and Results: In FY 2004 water management and energy sector institutions demonstrated improved capacity to function effectively. USAID met expectations in installing new and more efficient megawatts of capacity. At the policy level, USAID advisors provided input to the drafting of the Multi-Sector Regulatory Commission Law. This represented a milestone in USAID's effort to improve the regulatory environment for the energy, water and telecommunications sectors. This legislation directly led to the creation of the Public Sector Regulatory Commission (PSRC). In 2004, USAID financed significant levels of training and technical assistance to the PSRC, with the objective of increased technical expertise and heightened transparency as it regulates key sectors of the Armenian economy. In the water sector, progress was most evident in the work of USAID advisors to implement the new Water Code and finalize Armenia's first National Water Policy. In the energy sector, USAID was instrumental in helping the PSRC to develop an internationally acceptable chart of accounts for ArmRusGasProm (ARGP), the local gas supplier. Advisors provided assistance to the PSRC to help it develop transparent "market rules" for the various private-sector actors that are regulated by the PSRC. On a practical level, the most significant achievement was USAID's program to rehabilitate heating systems in 15 schools throughout the country. In the past year, work in half of

these schools was completed, thereby enabling children to be taught in a warm environment during the harsh winter months. Also, energy efficient systems were installed in a large school in Yerevan. Upon completion of this strategic objective, USAID expects that select water and energy sector institutions will function more effectively, and that pilot projects will have demonstrated efficient approaches to stewardship of these resources.

US Financing in Thousands of Dollars

Armenia

111-0150 Energy and Water Sectors Reform	ESF	FSA
Through September 30, 2003		
Obligations	338	96,920
Expenditures	338	88,517
Unliquidated	0	8,403
Fiscal Year 2004		
Obligations	0	11,235
Expenditures	0	3,878
Through September 30, 2004		
Obligations	338	108,155
Expenditures	338	92,395
Unliquidated	0	15,760
Prior Year Unobligated Funds		
Obligations	0	6,441
Planned Fiscal Year 2005 NOA		
Obligations	0	8,300
Total Planned Fiscal Year 2005		
Obligations	0	14,741
Proposed Fiscal Year 2006 NOA		
Obligations	0	6,000

Future Obligations	0	0
Est. Total Cost	338	128,896

